

Cross-Cultural Differences of Online Store Image Perception and Customer Purchasing Intention

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ABSTRACT

In this study, seven factors affecting consumer perception of online store image are identified based on store image measurement of traditional stores. Enjoyment and trustworthiness are two new antecedents suggested for the online store image. A cultural dimension is also introduced to understand the possible differences of model structure and relationships between online store image perception, attitude toward purchasing at an online store and customer purchasing intention in a cross-cultural setting.

Keyword: Online store image, purchasing intention, cross-cultural difference

1. INTRODUCTION

Online shopping revenues and related corporate profits are still meager, though the industry is optimistic (Hoffman etc., 1999). Generating revenues using an online store is one of the key issues facing electronic commerce practitioners today.

Most studies of online shopping attitudes have attempted to identify factors influencing online shopping attitudes and behavior by taking different perspectives and focus on different factors in different ways. Store image is a multi-faceted construct that has been rigorously researched for "traditional stores". Several researchers have been able to successfully link "store image" to "intention to purchase" (Nevin and Houston, 1980; Grewal etc., 1998).

A significant number of online stores are designed and developed for firms with global reaching, but most of them address different cultural audiences with only linguistic difference (Chau et al., 2002). Studies have found cultural differences in using information systems (Nelson, et al., 1992; Ho et al., 1989). Understanding cultural and national effects on the use and management of IT is vital for multi-national firms.

The purpose of this study is to explore factors affecting consumer perceived online store image and its effect on subsequent purchasing intention, and proposed that online store image dimensions and their effect on attitude towards online store and purchasing intentions differ cross-culturally.

2. THEORETICAL MODEL

As both the presence and operation of online store depend heavily on IT, they are often regarded as a type of IS. Hence, when consumers accept and use

online store, they are accepting and using technologies and innovations.

Derived from TRA (Ajzen and Fishbein, 1980), TAM (Davis, 1989) has been proven successful in prediction and explaining behavior across a wide variety of domains including IT usage. The model hypothesizes that actual system use is determined by users' attitudes toward using. Attitude is directly affected by beliefs about the system, which consists of perceived usefulness and perceived ease of use. Researchers have successfully adopted TAM to study the acceptance of Internet related technologies, such as email (Gefen, 1997), the World Wide Web (Fenech, 1998), and E-commerce (Chai, 2002). Therefore, using it as the basis for studying consumer perception of online store image is a valid approach.

Although TRA has been tested cross-culturally, it has been criticized for assuming western perspectives on time orientation, probabilistic thinking and locus of control (Cote and Tansuhaj, 1989). The model best captures the scientific, abstracting, context independent nature of western thought, coupled with its extensive empirical validation among western samples (Eagly and Chaiken, 1993). To model intention formation and prediction, cultural impact should be considered by using measures that reflect culturally-sensitive operationalizations of the underlying latent constructs (Malhotra and McCort, 2001).

3. CONCEPTUAL DEVELOPMENT

The online store is "a storefront in cyberspace, a place where customers can shop from their home computers and where merchants can offer merchandise and services for a fraction of the overhead required in a physical storefront" (Yesil, 1997).

Store image is the “personality” the store presents to the public. Studies have identified dimensions consumers perceive stores, which collectively make up store image (Hirschman, Greenberg and Robertson, 1978). Dickson and Alba (1977) refined existing instrumentations for retail store image and ultimately arrived at the following dimensions: prices, products, store layout and facilities, service and personnel, promotion and “others.” Store image has been used as a predictor for numerous variables, including attractiveness of shopping area (Nevin and Houston, 1980) and purchase intention (Grewal et al., 1998). Creating or changing a shopping

area’s image is often a prerequisite to getting consumers to change their existing shopping intentions and behavior (Nevin and Houston, 1980).

The antecedents of an individual’s intention to purchase online store are likely to contain elements that are related to online store image. Jarvenpaa et al. have investigated empirically the relationship between intention to shop online, attitude towards shopping online and trust in the online store (Jarvenpaa, Tractinsky and Vital, 2000).

Online store image

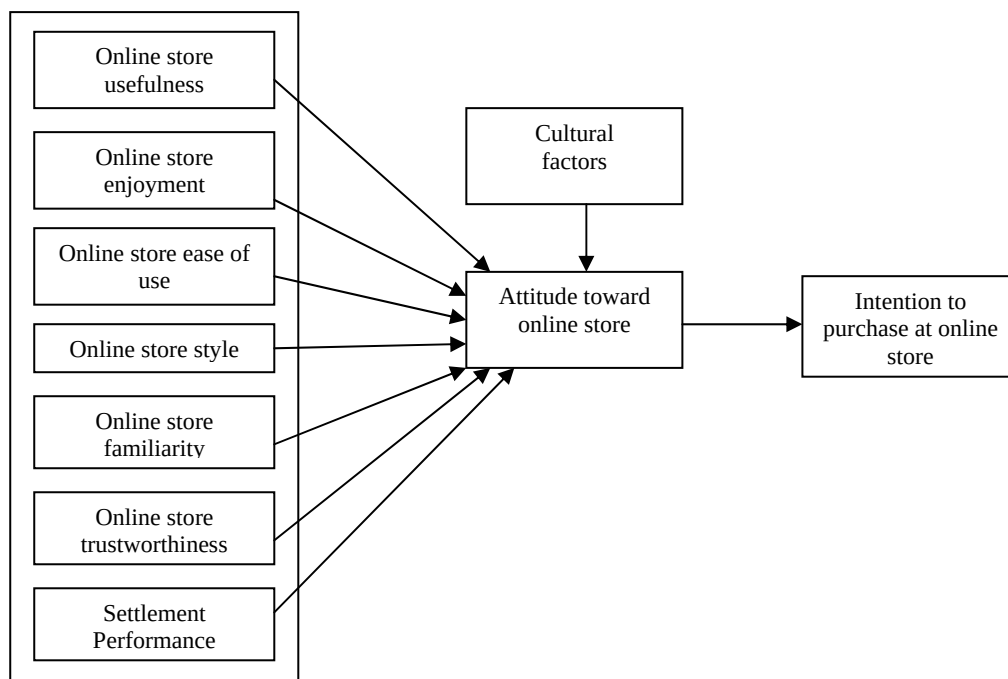


Figure 1. Research Model

Based on online store researches, seven factors that could affect consumer online store image perceptions are identified. They are online store usefulness, online store enjoyment, online store ease of use, online store style, online store familiarity, online store trustworthiness, and settlement performance. The research model in this study was developed based on TAM and these factors (Figure 1). A cultural dimension is added as the moderator.

3.1 Online Store Usefulness

Online store usefulness refers to the user’s subjective probability that using a specific online store will increase his or her performance in purchasing and information searching (Davis, 1986). The attributes include product variety, brands, price and product-retailing channel fit. The quality and usefulness of the information the customers found at the online store will

determine their prediction of satisfaction with the product prior to the actual purchase (Chen, 2001).

Proposition1: The usefulness of an online store positively affects a consumer’s attitude toward purchasing at an online store.

3.2 Online Store Ease of Use

Online store ease of use is the degree to which a user expects the use of the target online store to be free of effort (Davis, 1986). Some of the attitudes are easy-understanding, easy-finding, easy-learning, information focus (Lederer et al., 2000), and time taken for navigation and page download (Ranganathan and Ganapathy, 2002).

Studies have found out that consumer computer experience and use of other in-home shopping methods

influence a consumer's propensity to purchase at an online store.

Proposition 2: The ease of use of an online store positively affects consumer's attitude toward purchasing at an online store.

3.3 Online Store Style

The online stores face the heterogeneity of user profile. An online store that can attract, sustain and retain customers should have friendly interfaces, pleasant information presentation, and personalizable and supportive information services, such as multiple versions for different connectivity, chat room and email.

The usage of colors, multimedia, animation and graphics can reach customers on multiple cognitive levels and result in higher retention (Ranganathan and Ganapathy, 2002).

Ducoffe (1996) notes that irritating banner ads may be perceived as an unwanted, offending, and negative influence.

Proposition 3: The online store style positively affects a consumer's attitude toward purchasing at an online store.

3.4 Online Store Familiarity

Online store familiarity refers to customer's recognition of products, brand names and store names (Grewal et al., 1998). The store name is a form of the category-based processing perspective of store image (Keaveney and Hunt (1992). Brand name is a commonly used extrinsic cue to infer quality perceptions and can represent an aggregate of information about a product and its quality (Richardson, Dick and Jain, 1994; Dodds et al. (1991). Online shopping is closely related to recognition and recall (Chao, Au and Tam, 2000). Exposure to the brand name or store name gives customers a certain degree of familiarity.

Proposition 4: The online store familiarity positively affects a customer's attitude toward purchasing at an online store.

3.5 Online Store enjoyment

Enjoyment/playfulness refers to the pleasant and fun experience a consumer have with an online store, such as the eye-catching dynamic banners, enlivening background music or other multimedia online broadcasting, chat rooms, and online games. Enjoyment/playfulness has been suggested as an important dimension of consumer attitude towards online store (Liu et. al, 2000; Koufaris et al., 2002). Ducoffe (1995; 1996) evidences that enjoyment is positively related to online store advertisement value

and attitude to online advertising, and has been empirically linked to attitude towards using a website (Heijden et al., 2001; Webster, 1992).

Proposition 5: The online store enjoyment positively affects a consumer's attitude toward purchasing at an online store.

3.6 Online Store Trustworthiness

Trust in an online store is the subjective probability by which consumers expect that an online retailer will perform a given transaction in accordance with their confident expectations (Chai and Pavlou, 2002). Trust gives the consumer trust beliefs that they will gain control over a potentially uncertain transaction. Consumers have not widely adopted e-commerce (Hoffman et al., 1999), primarily because of trust issues (Palmer, Bailey, and Faraj, 2000) related to online retailers who have the chance to behave in an opportunistic manner by taking advantage of the distant and impersonal nature of online stores.

Consumers would be hesitant to transact with an online store that fails to signal a sense of trustworthiness. On the other hand, trust creates positive feelings towards transactions with online stores, providing expectations for a satisfactory feeling towards transactions with online stores, providing expectations for a satisfactory transaction. High-involvement goods, such as pianos, mortgages and intercontinental flight tickets, are likely to have a more severe impact on the relationship between trustworthiness and attitude to purchase (Heijden and Verhagen, 2002).

Jarvenpaa et al. (2000) discovered that higher consumer trust also reduces perceived risks associated with Internet shopping and generate more favorable attitudes towards shopping at a particular store, which in turn increases willingness to purchase from that store.

Proposition 6: The online store trust-worthiness positively affects a consumer's attitude toward purchasing at an online store.

3.7 Settlement Performance

This is a construct first introduced by Heijden and Verhagen (2002), which refers to the online retailers' handling of delivery, post-sales service, payment options, warranties and returns.

Proposition 7: Online store settlement performance positively affects a consumer's attitude toward purchasing at an online store.

3.8 Attitude Toward Online Store

Attitude is the overall evaluation of the desirability of a potential transaction with a specific online store.

Attitude has been proposed to influence behavioral intentions in multiple theories, such as the TPB (Ajzen, 1991) and the TRA (Fishbein and Ajzen, 1975). Applied to the online store consumer behavior context of this study, favorable attitude towards an online store is likely to encourage consumers to acquire information, to facilitate the act of providing information, and also to conduct monetary transactions with a given online retailer.

3.9 Intention to Purchase at Online Store

Intention to purchase at an online store is the user's likelihood to use an online store (Ajzen and Fishbein, 1980), maintain business relationships, and conduct business transactions. This is usually measured by consumers' willingness to buy and to return for additional purchases. Baker et al. (1994) found a link between store image and intention to purchase a product. Even if consumers finally decide not to purchase, it is important for marketers to know how to bring consumers to the online store, initiate communication, collect valuable feedback information, and encourage future transactions (Hoyer and MacInnis, 2001).

Proposition 8: A consumer's attitude toward purchasing at an online store positively affects his/her intention to purchasing at an online store.

3.10 Moderating Effect of Cultural Factors

Culture is a collective phenomenon. People learn patterns of thinking, feelings, and potential acting from living within a defined social environment, normally typified by country. Individual consumer tastes and purchasing patterns are thus partly determined by the collective values of their local community (Chau et al., 2002). If this notion is taken into the online store, different response may be generated toward a globally generic online store design.

Empirical research has found significant cultural difference across international user communities and are further supported by Hofstede's work. He concluded that research in one culture may not be generalizable to another.

According to Hofstede's cultural consequences theory (1980), there are five dimensions in a culture: power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity, and long-term versus short-term orientation. A cultural dimension is relevant to attitude toward online store.

Individualism/collectivism refers to the basic level of behavior regulation. People high on individualism view self and immediate family as relatively more important than the collective. Collectivist societies focus on maintaining harmony by going along with the in-group's wishes and promoting long-term relationships (Bond and Smith, 1996). In general, once collectivist

societies establish a positive attitude toward something, they tend to internalize it and take it into their in-group circle. Thus, we would expect that a collectivist culture would influence its members to want to maintain harmonious relations with those vendors. Member of individualist cultures prefer self-sufficiency and should feel no mutual influence toward the maintenance of group harmony. Chau et al. (2002) suggested that Online testimonials and links to related chat groups could strengthen the social communications of the collectivist consumers who respect social relationships and their shared loyalty.

Short versus long-term orientation is people's basic reference time frame; short-term involves the tendency toward consumption and maintaining materialistic status, and long-term suggests thrift, perseverance, following tradition, and deferred satisfaction. According to Hofstede (2001), a culture of long-term orientation emphasizes persistence and thrift, in addition to respect for tradition and people feel free to put off making purchase at an online store until they are comfortable with it. Consumers of a long-term orientation society may also be less demanding of immediately online store satisfaction and have higher tolerance of errors or misdelivery if they can see a trend toward incremental quality improvement. For a short-term oriented consumer, the time concept is absolute and demand for temporal precision is high.

When masculinity is high, online store consumers may act more aggressively in their intentions and expression. This action may be more self-centered and less group-oriented.

The uncertainty avoidance describes the extent to which a society feels threatened by uncertain and unstructured situations and the eagerness to avoid such situations. This orientation may emphasize controls achieved in strong procedural and technically oriented online store navigation. A less structured online store or unfamiliar store name could prevent the consumers from using it.

Power distance is the degree to which the less powerful accept the prevailing distribution of power, and the extent of adherence to formal authority channels. High power distance cultures have members who are much more comfortable with centralized power than lower power distance cultures. For an online store, customers in a low power distance society would be less desirable to influence or control the services they received.

Proposition 9: Online store image dimensions and their effect on attitude toward online store and purchasing intentions differ cross-culturally.

4. SUMMARY AND RESEARCH IMPLICATIONS

One of the most basic concerns of online stores is

finding and retaining customers. Our work tapped on this question from the online store image determinants perspective and identified seven antecedents of online store image and their influence on the intention to purchase online. They are the perceived online store usefulness, perceived online store ease of use, online store enjoyment, online store style, online store familiarity, online store trustworthiness, and settlement performance. The most effective way for online retailers to develop profitable exchange relationship with online consumers is to earn their trust by have a trustworthy online store image. As more and more competitors are having similar online presence which convenience nearly costless switching for online shoppers, the enjoyment of an online store becomes an important consideration to sustain the interest of shoppers and earn their loyalty over other online stores.

The inclusion of the cultural dimension help augment the explanation of online store acceptance and usage by consumers across culture, which is very necessary as more and more online stores targeted at global customers.

Our findings can help online retailers predict consumer's willingness to accept and use their online stores, diagnose the reasons for low acceptance for existing stores, and develop corrective steps. The central point is consumer attitude towards using online stores. If consumers have more positive attitude, they are more likely to accept and use online stores. The model also provides insights on how to achieve this: a more positive consumer attitude can be achieved by improving an online store's image.

While the patterns of online consumer purchasing are gradually becoming standardized, localized online store addressing local consumer preferences are also increasing (Chau, 2002). Therefore, retailers should tailor the online store by taking cultural differences into consideration.

A number of limitations are inherent to this study. We will only study the influence of online store image and cultural factor moderation on intention of purchasing at an online store which is different from actual purchase. There are more factors needs to be explored as how the mental process of making a purchase decision made. In this study, we use cultural influence as a collective factor, future researches should explore the possible interactions between the dimensions of culture for more insightful conclusions.

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